

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**

Independent Auditors' Reports  
Basic Financial Statements and  
Required Supplementary Information  
Schedule of Findings

June 30, 2020 and 2019

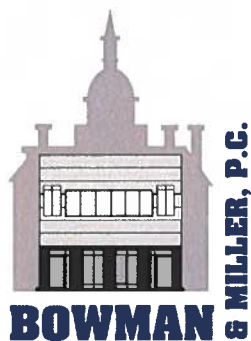
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# **HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION**

## **Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jody Anderson	Chairperson	City of Iowa Falls
Chris Renihan	Vice-Chairperson	City of New Providence
Joe Wessels	Member	City of Ackley
Jeff Heinzeroth	Member	City of Alden
Amy Klaffke	Member	City of Buckeye
Chandra Kyte	Member	City of Eldora
Luke Goodell	Member	City of Hubbard
James Nehring	Member	City of Owasa
Taylor Roll	Member	City of Radcliffe
Adam Blackburn	Member	City of Steamboat Rock
Open	Member	City of Union
Lance Granzow	Member	Hardin County
Susan Engelking	Director	



## C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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### Independent Auditors' Report

To the Members of the Hardin County  
Solid Waste Disposal Commission:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Hardin County Solid Waste Disposal Commission as of and for the years ended June 30, 2020 and 2019, and the related Notes to Financial Statements which collectively comprise the Hardin County Solid Waste Disposal Commission's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hardin County Solid Waste Disposal Commission as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability, the Schedule of Commission Contributions and the Schedule of Changes in the Commission's Total OPEB Liability, Related Ratios and Notes on pages 4 through 7 and pages 26 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2020 on our consideration of the Hardin County Solid Waste Disposal Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hardin County Solid Waste Disposal Commission's internal control over financial reporting and compliance.

*Bowman & Miller, P.C.*

October 30, 2020

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Hardin County Solid Waste Disposal Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the years ended June 30, 2020 and 2019. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

### 2020 FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenues increased 5.4%, or \$88,379, from fiscal year 2019 to fiscal year 2020. Revenues from gate fees and county and city assessments increased while revenues from recycling sales decreased.
- ◆ The Commission's operating expenses were 6.1%, or \$105,562, more in fiscal year 2020 than in fiscal year 2019.
- ◆ The Commission's net position decreased 9.0%, or \$100,367, from June 30, 2019 to June 30, 2020.

### USING THIS ANNUAL REPORT

The Hardin County Solid Waste Disposal Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Hardin County Solid Waste Disposal Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statements of Net Position present information on the Commission's assets and deferred outflows of resources less the Commission's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position are the basic statements of activities for proprietary funds. These statements present information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the change in the Commission's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Commission's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the Commission's Total OPEB Liability, Related Ratios and Notes.

## FINANCIAL ANALYSIS OF THE COMMISSION

### *Statements of Net Position*

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position decreased from \$1,117,200 at June 30, 2019 to \$1,016,833 at June 30, 2020. A summary of the Commission's net position is presented below.

Net Position		
	June 30,	
	2020	2019
Current assets	\$ 970,746	925,604
Capital assets at cost, less accumulated depreciation	524,009	608,323
Total assets	1,494,755	1,533,927
Deferred outflows of resources	62,853	79,040
Current liabilities	128,158	93,483
Noncurrent liabilities	344,665	355,558
Total liabilities	472,823	449,041
Deferred inflows of resources	67,952	46,726
Net position:		
Net investment in capital assets	524,009	608,323
Unrestricted	492,824	508,877
Total net position	\$ 1,016,833	1,117,200

The unrestricted portion of the Commission's net position (48.5%) may be used to meet the Commission's obligations as they come due. The invested in capital assets (e.g., land, buildings and equipment) portion of net position (51.5%) are resources allocated to capital assets.

*Statements of Revenues, Expenses and Changes in Net Position*

Operating revenues are received for gate fees from accepting solid waste and recyclables and assessments from the residents of the County. Operating expenses are expenses paid to operate the recycling center and fees paid to the landfill. Non-operating revenues include interest income, grant funds and gain from the sale of equipment. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2020 and 2019 is presented below.

Changes in Net Position		
	Year ended June 30,	
	2020	2019
Operating revenues:		
Gate fees	\$ 1,036,226	947,748
County and city assessments	547,631	539,340
Recycling sales	101,612	110,496
Other operating revenues	26,386	25,892
Total operating revenues	1,711,855	1,623,476
Operating expenses:		
Payments to Rural Iowa Waste Management Association for landfill operations	928,915	850,005
Recycling center:		
Contract expense	15,994	15,994
Marketing recycling materials	5,351	4,985
Salaries and benefits	554,378	520,327
Depreciation	119,694	115,959
Non-capitalized equipment	4,026	5,494
Site maintenance	68,368	70,558
Legal and accounting	14,223	14,664
Insurance	47,096	48,799
Telephone and utilities	32,026	38,541
Office expenses	5,448	4,576
Advertising and recycling promotion	4,520	5,069
Tire recycling	12,777	7,948
Equipment repair	5,498	9,046
Uniforms	1,391	1,330
Miscellaneous	2,355	3,203
Total operating expenses	1,822,060	1,716,498
Operating loss	(110,205)	(93,022)
Non-operating revenues:		
Interest income	8,838	8,725
Gain on sale of capital assets	-	70,000
Grant funds	1,000	-
Total non-operating revenues	9,838	78,725
Change in net position	(100,367)	(14,297)
Net position beginning of year	1,117,200	1,131,497
Net position end of year	\$ 1,016,833	1,117,200



The Statements of Revenues, Expenses and Changes in Net Position reflect an adverse year financially with a decrease in net position at the end of the current fiscal year.

In fiscal year 2020, operating revenues increased \$88,379, or 5.4%, which is primarily a result of gate fees increasing. Operating expenses increased \$105,562, or 6.1%. The increase in gate fees resulted in higher payments to Rural Iowa Waste Management Association for landfill operations per their mutual agreement.

### *Statements of Cash Flows*

The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash provided by non-capital financing activities includes grant funds received. Cash used by capital and related financing activities includes the purchase and disposal of capital assets. Cash provided by investing activities includes the purchase and redemption of certificates of deposit and interest income.

## **CAPITAL ASSETS**

At June 30, 2020, the Commission had \$524,009 invested in capital assets, net of accumulated depreciation of \$2,432,163. Depreciation expense totaled \$119,694 and \$115,959 for fiscal years 2020 and 2019, respectively. More detailed information about the Commission's capital assets is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS**

The Hardin County Solid Waste Disposal Commission's financial position continued to decline during the current fiscal year. The current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- ◆ Facilities and equipment at the Commission require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ◆ Volatility of the recyclable's markets and the effect on net processing cost and product volume.
- ◆ The costs of benefits paid on behalf of employees, particularly health insurance premiums, continue to rise.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues. In fiscal year 2020, the Commission plans to continue replacing old equipment currently in use with new pieces of equipment.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hardin County Solid Waste Disposal Commission, 20482 M Ave., Eldora, Iowa 50627-1699.

# HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Exhibit A

## Statements of Net Position June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 645,599	624,822
Investments	203,833	201,434
Accounts receivable	89,202	78,769
Prepaid expenses	32,112	20,579
Total current assets	<u>970,746</u>	<u>925,604</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>524,009</u>	<u>608,323</u>
<b>Total assets</b>	<u>1,494,755</u>	<u>1,533,927</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	61,080	79,040
OPEB related deferred outflows	1,773	-
Total deferred outflows of resources	<u>62,853</u>	<u>79,040</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	100,028	75,331
Salaries and benefits payable	16,648	9,159
Compensated absences	11,482	8,993
Total current liabilities	<u>128,158</u>	<u>93,483</u>
Noncurrent liabilities:		
Net pension liability	247,320	275,856
Total OPEB liability	97,345	79,702
Total noncurrent liabilities	<u>344,665</u>	<u>355,558</u>
<b>Total liabilities</b>	<u>472,823</u>	<u>449,041</u>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	53,147	28,635
OPEB related deferred inflows	14,805	18,091
Total deferred inflows of resources	<u>67,952</u>	<u>46,726</u>
<b>Net Position</b>		
Net investment in capital assets	524,009	608,323
Unrestricted	<u>492,824</u>	<u>508,877</u>
<b>Total net position</b>	<u>\$ 1,016,833</u>	<u>1,117,200</u>

# HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Exhibit B

## Statements of Revenues, Expenses and Changes in Net Position Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Gate fees	\$ 1,036,226	947,748
County and city assessments	547,631	539,340
Recycling sales	101,612	110,496
Other operating revenues	26,386	25,892
Total operating revenues	<u>1,711,855</u>	<u>1,623,476</u>
Operating expenses:		
Payments to Rural Iowa Waste Management Association for landfill operations	928,915	850,005
Recycling center:		
Contract expense	15,994	15,994
Marketing recycling materials	5,351	4,985
Salaries and benefits	554,378	520,327
Depreciation	119,694	115,959
Non-capitalized equipment	4,026	5,494
Site maintenance	68,368	70,558
Legal and accounting	14,223	14,664
Insurance	47,096	48,799
Telephone and utilities	32,026	38,541
Office expenses	5,448	4,576
Advertising and recycling promotion	4,520	5,069
Tire and appliance recycling	12,777	7,948
Equipment repair	5,498	9,046
Uniforms	1,391	1,330
Miscellaneous	2,355	3,203
Total operating expenses	<u>1,822,060</u>	<u>1,716,498</u>
Operating loss	<u>(110,205)</u>	<u>(93,022)</u>
Non-operating revenues:		
Interest income	8,838	8,725
Gain on sale of capital assets	-	70,000
Grant funds	1,000	-
Total non-operating revenues	<u>9,838</u>	<u>78,725</u>
Change in net position	(100,367)	(14,297)
Net position beginning of year	<u>1,117,200</u>	<u>1,131,497</u>
Net position end of year	<u>\$ 1,016,833</u>	<u>1,117,200</u>

# HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Exhibit C

## Statements of Cash Flows Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from gate fees	\$ 1,025,793	973,446
Cash received from assessments	547,631	539,340
Cash received from recycling and other operating receipts	127,998	136,388
Cash paid to suppliers for goods and services	(1,134,824)	(1,074,670)
Cash paid to employees for services	(517,880)	(555,615)
Net cash provided by operating activities	<u>48,718</u>	<u>18,889</u>
Cash flows from non-capital financing activities:		
Cash received from grant funds	<u>1,000</u>	-
Net cash provided by non-capital financing activities	<u>1,000</u>	-
Cash flows from capital and related financing activities:		
Gain on sale of capital assets	-	70,000
Purchase of capital assets	(35,380)	(136,751)
Net cash used by capital and related financing activities	<u>(35,380)</u>	<u>(66,751)</u>
Cash flows from investing activities:		
Proceeds from redemption of certificates of deposit	102,452	205,026
Purchase of certificates of deposit	(104,851)	(203,953)
Interest received	8,838	8,725
Net cash provided by investing activities	<u>6,439</u>	<u>9,798</u>
Net increase (decrease) in cash and cash equivalents	20,777	(38,064)
Cash and cash equivalents beginning of year	<u>624,822</u>	<u>662,886</u>
Cash and cash equivalents end of year	<u>\$ 645,599</u>	<u>624,822</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss	\$ (110,205)	(93,022)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	119,694	115,959
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,433)	25,698
(Increase) decrease in prepaid expenses	(11,533)	772
Increase (decrease) in compensated absences	2,489	(1,483)
Increase (decrease) in accounts payable	24,697	(29,867)
Increase (decrease) in salaries and benefits payable	7,489	(6,962)
Increase (decrease) in net pension liability	(28,536)	(30,390)
(Increase) decrease in deferred outflows of resources	16,187	18,222
Increase (decrease) in deferred inflows of resources	21,226	16,415
Increase (decrease) in OPEB liability	17,643	3,547
Total adjustments	<u>158,923</u>	<u>111,911</u>
Net cash provided by operating activities	<u>\$ 48,718</u>	<u>18,889</u>

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements  
June 30, 2020 and 2019**

**(1) Summary of Significant Accounting Policies**

The Hardin County Solid Waste Disposal Commission was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to operate the sanitary landfill and recycling center in Hardin County for use by all residents of the County.

The Commission is composed of one representative and one alternate from each participating unit of government to be designated by that government. The participating units of government include the cities of Ackley, Alden, Buckeye, Eldora, Hubbard, Iowa Falls, New Providence, Owasa, Radcliffe, Steamboat Rock and Union and Hardin County. The Commission utilizes a vote based on one vote for each governmental unit.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, the Hardin County Solid Waste Disposal Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

The Commission is a member of the Rural Iowa Waste Management Association (RIWMA), a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. The Association is composed of two members from the Hardin County Solid Waste Disposal Commission and from the Butler County Solid Waste Commission. The purpose of the Commission is to effectively provide for the sanitary disposal of solid waste within the boundaries of Butler and Hardin Counties through the joint operation of a landfill site and the initiation of such other solid waste reduction or recycling programs as the Commissions/Authorities deem necessary and beneficial to the citizens they serve.

RIWMA is responsible for sanitary landfill activities. The responsibilities for hazardous waste, waste reduction, special waste and education under the Environmental Protection Act remain with each separate Commission/Authority.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

**(1) Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

In July 1994, the Hardin County Solid Waste Disposal Commission transferred to RIWMA, under quit claim deed, its interest in the sanitary landfill and the compost facility. Upon transfer of the landfill property, RIWMA became primarily responsible for all future commitments and liabilities associated with the landfill and its operation under the permit issued in December 1994.

**B. Basis of Presentation**

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statements of Net Position present the Hardin County Solid Waste Disposal Commission's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

**C. Measurement Focus and Basis of Accounting**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

**(1) Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

The following accounting policies are followed in preparing the Statements of Net Position:

Cash, Cash Equivalents and Investments – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2020 and 2019 include certificates of deposit of \$203,833 and \$201,434, respectively.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$25,000
Equipment and vehicles	5,000

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings and improvements	20
Equipment and vehicles	3 - 10

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

(1) **Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the years ended June 30, 2020 and 2019.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Commission after the measurement date but before the end of the Commission's reporting period.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement and sick leave hours for subsequent use or for payment upon retirement. The Commission's liability for accumulated vacation and sick leave hours has been computed based on rates of pay in effect at June 30, 2020 and 2019.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expense, information has been determined based on Hardin County Solid Waste Disposal Commission's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statements of Net Position consist of unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.



**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
**Notes to Financial Statements (Continued)**  
**June 30, 2020 and 2019**

**(2) Cash, Cash Equivalents and Investments**

The Commission's deposits in banks at June 30, 2020 and 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to ensure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**(3) Capital Assets**

A summary of capital assets at June 30, 2020 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 100,000	-	-	100,000
Capital assets being depreciated:				
Buildings	1,384,379	13,430	-	1,397,809
Equipment and vehicles	1,436,413	21,950	-	1,458,363
Total capital assets being depreciated	2,820,792	35,380	-	2,856,172
Less accumulated depreciation for:				
Buildings	1,206,625	39,566	-	1,246,191
Equipment and vehicles	1,105,844	80,128	-	1,185,972
Total accumulated depreciation	2,312,469	119,694	-	2,432,163
Total capital assets being depreciated, net	508,323	(84,314)	-	424,009
Total capital assets, net	\$ 608,323	(84,314)	-	524,009

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
**Notes to Financial Statements (Continued)**  
**June 30, 2020 and 2019**

**(4) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the Commission, except those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

**(4) Pension Plan (Continued)**

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission's total contributions to IPERS for the year ended June 30, 2020 were \$30,572.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the Commission reported a liability of \$247,320 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the Commission's proportion was 0.0042710%, which was a decrease of 0.0000881% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Commission recognized pension expense of \$44,508. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 686	8,892
Changes of assumptions	26,492	-
Net difference between projected and actual earnings on IPERS investments	-	27,870
Changes in proportion and differences between Commission contributions and the Commission's proportionate share of contributions	3,330	16,385
Commission contributions subsequent to the measurement date	30,572	-
Total	<u>\$ 61,080</u>	<u>53,147</u>

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
**Notes to Financial Statements (Continued)**  
**June 30, 2020 and 2019**

**(4) Pension Plan (Continued)**

\$30,572 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 2,084
2022	(9,288)
2023	(7,892)
2024	(6,426)
2025	(1,117)
	\$ (22,639)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation	
(effective June 30, 2017)	2.60% per annum.
Rate of salary increase	
(effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return	
(effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth	
(effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
**Notes to Financial Statements (Continued)**  
**June 30, 2020 and 2019**

**(4) Pension Plan (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0 %	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
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Commission's proportionate share of the net pension liability	\$ 439,161	\$ 247,320	\$ 86,406
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# HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued)

### June 30, 2020 and 2019

**(4) Pension Plan (Continued)**

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – At June 30, 2020, the Commission reported payables to IPERS of \$2,327 for legally required Commission contributions and \$1,551 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

**(5) Other Postemployment Benefits (OPEB)**

Plan Description – The Commission administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Hardin County Solid Waste Disposal Commission and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	9
Total	<u>9</u>

Total OPEB Liability – The Commission's total OPEB liability of \$97,345 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2020)	3.00% per annum.
Rates of salary increase	
(effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate	
(effective June 30, 2020)	3.50% compounded annually, including inflation.
Healthcare cost trend rate	
(effective June 30, 2020)	5.00% per annum.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

**(5) Other Postemployment Benefits (OPEB) (Continued)**

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 79,702
Changes for the year:	
Service cost	13,803
Interest	3,323
Differences between expected and actual experience	1,757
Changes of assumptions	(1,240)
Net changes	17,643
Total OPEB liability end of year	\$ 97,345

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2019 to 3.50% in fiscal year 2020.

Sensitivity of the Commission's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 102,542	\$ 97,345	\$ 92,440

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
**Notes to Financial Statements (Continued)**  
**June 30, 2020 and 2019**

**(5) Other Postemployment Benefits (OPEB) (Continued)**

Sensitivity of the Commission's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 89,805	\$ 97,345	\$ 105,901

OPEB Expense, Deferred Inflows of Resources and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2020, the Commission recognized OPEB expense of \$12,584. At June 30, 2020, the Commission reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,596	1,598
Changes of assumptions	11,209	175
Total	<u>\$ 14,805</u>	<u>1,773</u>

The amount reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ (2,785)
2022	(2,785)
2023	(2,785)
2024	(2,786)
2025	(2,786)
Thereafter	895
	<u>\$ (13,032)</u>



**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

**(6) Closure and Postclosure Care**

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

Upon transfer of the landfill property to the Rural Iowa Waste Management Association (RIWMA), RIWMA became primarily responsible for all future commitments and liabilities associated with the landfill and its operations. However, according to the Commission's attorney, neither 28E provisions nor Commission resolutions can alter the legal responsibility of any prior owners of landfill sites with regard to the above EPA requirements. Accordingly, the Commission remains contingently liable for the closure and postclosure care costs. At June 30, 2020, these costs are estimated at \$3,609,100 and RIWMA was required to have \$2,107,290 of those costs restricted in a dedicated trust fund. RIWMA has elected to demonstrate financial assurance for these costs by using three financial assurance mechanisms totaling \$2,216,693, resulting in an overage of \$109,403. Currently, RIWMA has designated an additional investment for the financial assurance dedicated fund in a sufficient amount for financial assurance.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

**(7) Risk Management**

The Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The Commission's contributions to the Pool for the years ended June 30, 2020 and 2019 were \$25,308 and 24,676, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Notes to Financial Statements (Continued)  
June 30, 2020 and 2019**

**(7) Risk Management (Continued)**

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020 and 2019, no liability has been recorded in the Commission's financial statements. As of June 30, 2020 and 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation in the amount of \$1,000,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) Operating Lease**

The Commission has entered into a five year lease agreement with Access Systems for a copier that expires August 2023. The future minimum lease payments under the operating lease which has a remaining term in excess of one year as of June 30, 2020, is:

Year Ending June 30,	
2021	\$ 1,471
2022	1,471
2023	1,471
2024	245
	<u>\$ 4,658</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$1,546 and \$1,688, respectively.

**(9) Date of Management Evaluation**

Management has evaluated subsequent events through October 30, 2020, the date on which the financial statements were available to be issued.

## **Required Supplementary Information**

# HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

## Schedule of the Commission's Proportionate Share of the Net Pension Liability Iowa Public Employees' Retirement System For the Last Six Years\* Required Supplementary Information

	2020	2019	2018
Commission's proportion of the net pension liability	0.0042710 %	0.0043591 %	0.0045974 %
Commission's proportionate share of the net pension liability	\$ 247,320	275,856	306,246
Commission's covered payroll	\$ 325,040	327,628	343,175
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	76.09 %	84.20 %	89.24 %
IPERS' net position as a percentage of the total pension liability	85.45 %	83.62 %	82.21 %

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

2017	2016	2015
0.0044863 %	0.0046546 %	0.0044307 %
282,336	229,962	175,718
321,953	318,885	289,932
87.69 %	72.11 %	60.61 %
81.82 %	85.19 %	87.61 %

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
Schedule of Commission Contributions  
Iowa Public Employees' Retirement System  
For the Last Ten Years  
Required Supplementary Information

	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 30,572	30,684	29,257	30,645	28,750
Contributions in relation to the statutorily required contribution	(30,572)	(30,684)	(29,257)	(30,645)	(28,750)
Contribution deficiency (excess)	\$ -	-	-	-	-
Commission's covered payroll	\$ 323,854	325,040	327,628	343,175	321,953
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%

2015	2014	2013	2012	2011
28,476	25,891	24,106	21,894	19,414
(28,476)	(25,891)	(24,106)	(21,894)	(19,414)
-	-	-	-	-
318,885	289,932	278,034	271,306	279,335
8.93%	8.93%	8.67%	8.07%	6.95%



**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
**Notes to Required Supplementary Information - Pension Liability**  
**Years Ended June 30, 2020 and 2019**

*Changes in benefit terms:*

There are no significant changes in benefit terms.

*Changes of assumptions:*

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION**  
Schedule of Changes in the Commission's  
Total OPEB Liability, Related Ratios and Notes  
For the Last Three Years  
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 13,803	7,828	7,600
Interest cost	3,323	2,879	2,719
Difference between expected and actual experience	1,757	(7,160)	(5,859)
Changes in assumptions	(1,240)	-	(18,262)
Benefit payments	-	-	-
Net change in total OPEB liability	17,643	3,547	(13,802)
Total OPEB liability beginning of year	79,702	76,155	89,957
Total OPEB liability end of year	\$ 97,345	79,702	76,155
Covered payroll	\$ 323,854	325,040	327,628
Total OPEB liability as a percentage of covered payroll	30.1%	24.5%	23.2%

**Notes to Schedule of Changes in the Commission's Total OPEB Liability and Related Ratios**

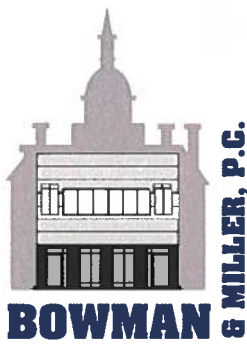
*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.  
The following are the discount rates used in each period.

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Auditors' Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on Audits of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Members of the Hardin County  
Solid Waste Disposal Commission:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Hardin County Solid Waste Disposal Commission as of and for the years ended June 30, 2020 and 2019, and the related Notes to Financial Statements which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Hardin County Solid Waste Disposal Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hardin County Solid Waste Disposal Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hardin County Solid Waste Disposal Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Hardin County Solid Waste Disposal Commission's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hardin County Solid Waste Disposal Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the years ended June 30, 2020 and 2019 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Commission. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Hardin County Solid Waste Disposal Commission during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Bowman and Miller, P.C.*

Marshalltown, Iowa  
October 30, 2020

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Schedule of Findings  
Years ended June 30, 2020 and 2019**

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**HARDIN COUNTY SOLID WASTE  
DISPOSAL COMMISSION  
Schedule of Findings (Continued)  
Years ended June 30, 2020 and 2019**

**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Expenses – No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Restricted Donor Activity – No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 65B of the Code of Iowa.
- (4) Board Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (5) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

# **HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION**

## **Staff**

This audit was performed by:

**BOWMAN & MILLER, P.C.**  
Certified Public Accountants  
Marshalltown, Iowa

### **Personnel:**

**Nathan P. Minkel, CPA, Partner**  
**Taylor G. Johnson, CPA, Partner**